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P. A-2

IRS Data Gathering Assailed

Political Surveillance Decried in Senate Panel Report

By Douglas Watson
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"We need some sort of information-gathering system, but we don't need anything like our Special Service Staff," Internal Revenue Service Commissioner Donald C. Alexander testified recently.

Former Sen. Sam J. Ervin Jr. (D-N.C.) has heartily agreed, warning in December that operations of the Special Service Staff represented "a dangerous abuse of the enormous powers Americans have given to the tax collection arm of government."

Ervin's comments came in the introduction to a report prepared by the staff of the Constitutional Rights Subcommittee he had headed that found IRS's secret Special Service Staff compiled files on 11,458 politically active organizations and individuals.

Ervin found that the SSS was involved in political surveillance "unauthorized by law, unnecessary to the administration of the tax laws, and, at the very least, a waste of the taxpayers' money."

Ervin said, "the purpose of the IRS is to enforce the tax laws, not to enforce political orthodoxy."

Alexander has acknowledged that the SSS, which was organized in 1969, exceeded any legitimate IRS function. The IRS commissioner testified recently that he abolished the SSS in August, 1973, 2½ months after he took office, "as soon as I found out about its functions and its attitudes."

Though the SSS is now part of the history of the Nixon Administration, there recently have been renewed charges that the IRS has continued to abuse its authority and political dissidents' right to privacy.

Miami and Philadelphia newspapers accused IRS's Intelligence Gathering and Retrieval System (IGRS) of being interested in much more than tax violations, such as individuals' sex and drinking habits and political preferences.

IRS officials have defended IGRS as providing legitimate and necessary intelligence "relating to individuals or entities involved in illegal activities and having potential as tax violations."

They have said that the IGRS—whose files contain more than 465,000 names—was not started secretly four years ago, as charged.

The staff of Congress' Joint Committee on Internal Revenue Taxation is completing an investigation of the SSS and beginning one of the IGRS.

Meanwhile, the Ervin subcommittee's staff report sheds light on the SSS. It says the SSS was established on July 2, 1969, "apparently in response to pressures emanating from the White House and from Congress to insure that dissident groups were complying with the tax laws."

Randolph Thrower was IRS commissioner then. The SSS also operated under IRS Commissioner Johnnie Walters. Paul H. Wright headed the SSS during its four-year-existence, the report says.

The report challenges IRS' contention that the SSS was only a passive repository of information on tax-exempt organizations and individuals associated with them. The report quotes the minutes of an IRS meeting in 1969 when the SSS was being organized.

"What we will attempt to do is to gather intelligence data on the organizations in which we are interested and to use a 'strike force' concept whereby all (IRS) compliance divisions and all other IRS functions will participate in a joint effort," the minutes said.

Ervin's staff found that the SSS "appeared to function on what can be best described as a 'catch-as-catch-can' basis. A file would be established on an individual or organization simply because some member of the SSS had seen or heard the name somehwere."

For example, the report says, "The file set up under the name of a prominent conservative newspaper columnist" contained "nothing but a cross-reference to an FBI report which listed some 250 persons arrested at a peace protest in the Midwest."

"SSS files were not established on all 250 of the arrested peace protesters, but only on those few whose names apparently 'rang a bell' in the minds of SSS employees. Among these was the name of a protester who coincidentally had a name similar to that of the prominent conservative newspaper columnist.

"Despite the fact that other information about the arrestees indicated that this particular person was 19 years old and resided half a continent away from where the prominent conservative newspaper columnist was living," a file on the columnist was created, the report says.

It says that a survey of 224 randomly selected SSS files found that 55 per cent were created because of information obtained from the FBI, 7 per cent because of information coming from elsewhere in the Justice Department, 18 per cent because of items in newspapers or maagazines and 20 per cent because of information coming from other sources.

The SSS would check on the tax-exempt status of any organization in which it was intersted and then try to find activities of the group that were inconsistent with its tax-exempt status, which would provide an exeuse for auditing the organization, the report says.

Activities of the SSS, which had at least eight full-time IRS employees, did not produce much additional revenue. The report says that in 1972 only 182 out of 9,800 cases had been referred for IRS audit or tax collection.

"The net amount of revenue collected or collectable was $104,700 for the three years, an amount that did not even cover the office expenses and salaries of the SSS," the report says.

The IRS's frustration in collecting taxes from organizations it investigated was illustrated by the case of an unidentified underground newspaper. The IRS decided that neither the newspaper nor individuals—mostly students—working for it had enough taxable income to justify an audit.

Though no further action was taken by the IRS, the subcommittee's staff report says, "The fact remains, however, that in the process of the investigation, the (underground newspaper) group was placed under surveillance by federal agents because it was publishing unpopular, anti-governmental views."

The subcommittee staff found that the SSS had 11,458 files—2,873 relating to organizations and 8,585 relating to individuals. Its report says that 10 of the 18 organizations and 22 of the 706 persons listed on the Nixon White House's "enemy lists" were included in the SSS files.

ABC News reported in a one-hour documentry, "IRS: A Question of Power," sechduled to be televised last night, that organizations included in the SSS's files included the American Conservative Union, American Jewish Committee, American Library Association, Common Cause, Friends of the FBI, National Organization of Women and U.S. Commission on Civil Rights.

According to ABC News, names in the SSS files included those of actresses Elizabeth Taylor and Julie Andrews, actor Tony Randall, singer Connie Stevens, comedian "Jose Jimeñez" and basketball star aKreem Abdul Jabbar (listed under his former name, Lew Alcindor).

The report gave these examples of otherwise unidentified organizations on which the SSS collected intelligence: "A conservative student group, a radical student group, a radical think tank, an organization of lawyers, an organization concerned with the protection of individual rights."

Also, "A medical organization, a tax-exempt student group, a state university, an underground newspaper, a conservative organization, a professional association, a conservative foundation, a religious organization active in liberal social causes, a conservative organization, an organization opposed to the Vietnam war."

The Ervin subcommittee staff was not allowed to examine tax-relaetd matters in the SSS files so was "unable to determine through its examination whether any adverse tax actions were later brought to bear against the individuals and organizations identified." The joint committee's staff, which has authority to review confidential tax items, has been making such an investigation.

The Ervin subcommittee's staff report found "An interest in and utilization of Special Service data at the highest level of the IRS." A former subcommittee staff member said IRS officials acknowledged that information from the SSS files was supplied to former White House aide Tom Charles Huston for delivery to the Nixon White House.

The report concludes by saying that even though the IRS has disavowed the SSS, it has not set administrative rules to prevent a recurrence of such a unit. "Given a return to the circumstances of the late 1960s, there is not real assurance" that an activity such as the SSS's "would not be resumed," it says.

Ervin warned, "Americans have come to feel too much confidence in the constitutional protections they inherited. They tend to forget that governments are run by ordinary mortals and that no system, no matter how carefully devised, can protect fully aainst abuse."

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